

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4924-01
Bill No.: HB 1640
Subject: Merchandising Practices; Motor Vehicles; Licences - Miscellaneous; Revenue
Department
Type: Original
Date: February 13, 2012

Bill Summary: This proposal amends provisions relating to motor vehicle dealers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Motor Vehicle Commission	Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$100,000	Less than \$100,000	Less than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Administrative Hearing Commission, Office of the State Courts Administrator and Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of Prosecution Services, Clark County Sheriff's Department and St. Joseph Police Department** did not respond to our request for fiscal impact.

Officials from the **Department of Transportation** concur with Department of Revenue regarding any fiscal impact to their organization.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** states this legislation adds a new crime for making a false statement or omission on a monthly sales report to DOR and possessing a fraudulently obtained certificate of ownership, license, or nondriver identification of anew Class A misdemeanor.

This legislation would also make failure to surrender license or distinctive license plates upon demand a new Class A misdemeanor.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation.

ASSUMPTION (continued)

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Corrections (DOC) - Missouri Vocational Enterprises (MVE)** manufactures license plates for statewide vehicle use. This proposal states that dealer plates could be issued to cover a period of up to two years. These plates are currently issued every year. This could possibly reduce the amount of license plate metal sheeting purchased by up to one half. Manufacturing fewer plates would cause smaller sheeting orders which in turn increases the price of sheeting due to volume price breaks that are no longer met. This in turn will likely cause an increase in the per plate price. MVE is reimbursed for their actual manufacturing cost but the consumer may see the increase.

Penalty provisions, the component of the proposal to have potential fiscal impact to DOC, is up to a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on if additional persons are sentenced to the custody of the DOC due to the provisions of this legislation. The DOC will incur a corresponding increase of direct offender cost through incarceration (FY average of \$16.878 per offender, per day, or an annual cost of \$6,160 per inmate).

DOC assumes the narrow scope of the crime will not encompass a large number of offenders. The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence. The probability exist that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional cost, but it is assumed the impact would be \$ or a minimal amount that could be absorbed within existing resources.

ASSUMPTION (continued)

Section 301.218

Officials from **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** states this section of the proposal deletes "mobile scrap processor" to "scrap processor" for licensing purposes. The Department assumes this will increase these types of licenses by 30 applicants annually. A salvage business license costs \$65 with an increase to the Motor Vehicle Commission Fund of \$1,625 in FY13 (10 months) and \$1,950 thereafter.

Section 301.069

DOR states this section of the proposal provides that the Department is not to issue drive away plates unless the applicant makes application for the plate that requires specific information. The Department will have to capture and record additional information from Drive Away Plate applicants. This may be accomplished by adding additional required information in the note field of Integrated Motor Vehicle and Driver License System (IMVDL) until a replacement system is developed.

Section 301.580

DOR assumes procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,182. The Department will need to develop an application for special event motor vehicle auction license and a form to report all vehicles included in the auction. These forms will be in electronic format. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$1,182. The Department web site will need to be updated to include information for the special event motor vehicle auction license. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$319.

In summary, DOR assumes a cost of \$2,683 (\$1,182 + \$1,182 + \$319) in FY 2013 to provide for the implementation of the changes in this proposal.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal.

Currently a Revenue Processing Tech I can process 6 dealer applications per hour and 50 dealer reports that the Department receives in paper form per hour. It is unknown how many of these special motor vehicle auction licenses will be applied for per year.

ASSUMPTION (continued)

Therefore, the Department may need to request, through the appropriations process, additional FTE or overtime to process the applications for a special motor vehicle auction license, as well as process and key the reports submitted for all vehicles taken to the auction.

IT will need to configure the legacy dealer system to account for these special auction permits and incorporate those requirements into the new dealer system.

The Department would have to issue and track the special auction license and the customer information as well as process payments and issue receipts. Therefore the Title and Registration Intranet Processing System (TRIPS) system will need to be revised. The legacy dealer system as well as the new dealer system would need to be configured to allow for the recording of the report to be submitted for every vehicle sold or not sold at the auction at the special event motor vehicle auction.

There will be an unknown increase to the Motor Vehicle Commission Fund due to the \$1,000 special event motor vehicle auction license fee. There could also be an unknown increase to the Motor Vehicle Commission Fund from the \$500 administrative fee for every vehicle auctioned in violation of subsection 6.

Oversight assumes the revenue increase to the Motor Vehicle Commission Fund from this Section would be Unknown to less than \$100,000. Oversight will range the income to the Motor Vehicle Commission Fund as Unknown to less than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
MOTOR VEHICLE COMMISSION			
<u>Income</u> - increase in these types of licenses	\$1,625	\$1,950	\$1,950
<u>Income</u> - increase in revenue from special event motor vehicle auction and administrative fee.	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>
ESTIMATED NET EFFECT TO MOTOR VEHICLE COMMISSION	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>

FISCAL IMPACT - Local Government

FY 2013
(10 Mo.)

FY 2014

FY 2015

\$0

\$0

\$0

FISCAL IMPACT - Small Business

A fleet vehicle business with less than 50 motor vehicles will not be able to get fleet license plates bearing a company name or logo.

FISCAL DESCRIPTION

The proposed legislation amends provisions relating to motor vehicle dealers.

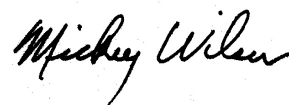
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Insurance, Financial Institutions and Professional Registration
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Transportation
Department of Corrections
Department of Public Safety
Office of the State Courts Administrator
Office of the State Public Defender
Administrative Hearing Commission

NOT RESPONDING

Clark County Sheriff's Department
St. Joseph Police Department
Office of Prosecution Services



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Mickey Wilson, CPA

Director
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